NAV, portfolio update and dividend

RNS Number : 3049E
GCP Student Living PLC
05 November 2020

GCP Student Living plc

("GCP Student" or the "Company", together with its subsidiaries the "Group")

LEI: 2138004J4ID66FK38H25

NAV, portfolio update and dividend

Net Asset Value

GCP Student, the UK's first REIT focused on student residential assets, today announces that at close of business on 30 September 2020, the unaudited estimated EPRA net asset value per ordinary share of the Company was 171.71 pence, representing a quarterly decrease of 0.07 pence (0.04%).

The EPRA net asset value includes income for the period (cum-income) but does not include a provision for an accrued dividend for the quarter to 30 September 2020.

The EPRA net asset value (ex-income) was 171.46 pence per ordinary share at that date.

In October 2019, EPRA announced updated best practice recommendations which included new NAV metrics to replace EPRA net asset value. In respect of periods from 1 July 2020 the Company has adopted EPRA net tangible assets as its principal measure of NAV.

At 30 September 2020 the Company's EPRA net tangible assets (cum-income) was 171.71 pence per ordinary share, which is equal to its EPRA net asset value at that date.

Portfolio and management update

Valuation

At 30 September 2020, the valuation of the Company's portfolio was £1.01 billion representing a like-for-like increase over the quarter of 0.7%.

At that date the portfolio, of which 82% by value was located in and around London, comprised eleven assets with c.4,100 beds. The valuation Net Initial Yield on the operational portfolio was 4.44%.

Bookings and market update

- Bookings across the Group's portfolio of student accommodation for the forthcoming 2020/21 academic year are currently at 69%. The substantial majority (c.86%) of rooms booked have now been occupied and/or are subject to nominations arrangements. The Company's property managers have engaged with the majority of those students who have booked accommodation but not yet occupied their rooms, to better understand their needs. The substantial majority of those students have indicated that it is their current intention to occupy their booked rooms for the second term of the 2020/21 academic year (commencing in January 2021).

- The Company's academic year runs for a period of 51 weeks from mid-September. It receives direct let income in three tranches for each academic year; c.40% in each of September and January and the remaining c.20% in April. Approximately 95% of the direct let rents due on bookings for the 2020/21 academic year in respect of the September tranche have been collected.

- Based on the current level of contracted occupancy, reduced rental rates on direct lets and the Investment Manager's assumptions in relation to nominations agreements and long term leases across the Group's portfolio, the Company would collect approximately 62% of budgeted total income of £60.1 million for the 2020/21 academic year.

- At the date of this announcement universities in the UK remain open to students and continue to provide a blend of in-person and online teaching. The Company continues to see modest numbers of enquiries and bookings being made by students for the second term of the 2020/21 academic year (this being from January 2021). The Directors note UCAS data in respect of the 2021/22 academic year indicating increased levels of applications from domestic and international students to attend universities in the UK for 2021/22 academic year. Such demand for higher education in the UK should result in improved occupancy across the Group's portfolio in the absence of significant ongoing Covid-19 related disruption.

Nominations agreements and long-term leases

- Scape Shoreditch has a long-term occupational lease to a WeWork subsidiary ("WeWork"), which is part-guaranteed by its US parent company WeWork Companies Inc. Rental payments are received from WeWork quarterly in advance.

As at the date of this announcement WeWork is in arrears of £1.5 million in respect of half of the quarterly payments due to the Group in respect of the March and June 2020 quarters and for the full September 2020 quarterly payment. All arrears to date and payments due through to the end of June 2021 are covered by the part-guarantee.

The Directors and the Investment Manager remain in discussion with WeWork about the outstanding arrears on the lease as well as WeWork's ongoing commitment to the asset. As part of these discussions WeWork has informed the Company that it wishes to exit the lease immediately. The current passing rent is approximately £2.5 million per annum. The Company is seeking legal advice to ensure the maximum possible amount can be recovered from this tenant.

Scape Shoreditch is a modern property located in a prime London location and a two-minute walk from Old Street underground station. The Company believes that the space is desirable and has started discussions with alternative parties in order to secure a new lease when it receives vacant possession.

- In the annual report and accounts published by the Company on 17 September 2020, it was noted that the Company's nominations agreement with a subsidiary of INTO University Partnerships ("INTO") was in arrears in respect of the latest termly instalment due to the Company. The amount outstanding at 30 September 2020 was c. £1.9 million. The Investment Manager remains in discussion with INTO in connection with the outstanding payment.
- Rental income in respect of the Group's lease at Circus Street, Brighton, continues to be received in line with expectations. The 450-bed student accommodation building is contracted on a 20-year lease with annual uplifts of RPI plus 50 basis points (capped at 5% and floored at 2%) to a subsidiary of Kaplan Inc, a global education provider.

Developments

Scape Brighton is operational and began welcoming students from September. The Covid-19 pandemic has resulted in reduced levels of activity across the property construction sector. It is therefore pleasing to note that the Company's forward funded development at Scape Brighton was not materially impacted by such delays, with the property having opened to students in two stages across September and early November 2020.

The construction costs at Scape Brighton have been part funded through a £55 million loan facility, of which c.£38 million was drawn at 30 September 2020, with the remainder of approximately £14 million to be funded through the Company's available cash resources.

Cash and available debt facilities

- At 30 September 2020 the Company had cash resources of c.£50 million and a redrawable credit facility of which £17.5 million was available to be drawn at that date.
- The Group's borrowings have an average weighted maturity on its drawn debt of approximately five years from the date of this announcement. The Group's Loan to Value ("LTV"), calculated as borrowings net of cash as a proportion of the Group's total portfolio value, was 23% at 30 September 2020.

Termination of forward purchase agreement

On 2 May 2019, the Company announced that it had entered into a conditional forward purchase agreement (the "FPA") to acquire an asset in the same locality as its Scape Guildford asset. The Directors decided not to exercise its right to acquire this asset under the terms of the FPA, which has now terminated.

Dividend

The Company's rental income for the financial year ended 30 June 2021 is being materially adversely impacted as a result of the disruption caused by the Covid-19 pandemic.

Noting this impact on the Company's revenues, the ongoing uncertainties relating to the Covid-19 pandemic and a desire to manage the business in a prudent and conservative manner, the Directors have decided to announce a first interim dividend of 0.25 pence per ordinary share in respect of the quarter ended 30 September 2020.

The quantum of the dividend will be reviewed on a quarterly basis with a view to increasing the quarterly payment when there is greater visibility on the Company's revenue prospects.

The dividend will be paid on 14 December 2020 to ordinary shareholders on the register at 13 November 2020. The dividend will be paid as 0.25 pence per ordinary share as a REIT property income distribution ("PID") in respect of the Group's tax-exempt property rental business. No element of the dividend will be paid as an ordinary UK dividend ("non-PID").

Additional information on the Company's portfolio can be found in the factsheet for the period ended 30 September 2020, which will be published shortly and will be available at:

www.gcpstudent.com/literature

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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About GCP Student

The Company was the first student accommodation REIT in the UK, investing in modern, purpose-built, private student residential accommodation and teaching facilities.

Its investments are located primarily in and around London where the Investment Manager believes the Company is likely to benefit from supply and demand imbalances for student residential accommodation. GCP Student's property portfolio comprises eleven assets with c.4,100 beds, including one asset which is under construction. At 30 September 2020, its property portfolio was valued at £1.01 billion.

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